

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7455

BILL NUMBER: SB 294

DATE PREPARED: Dec 31, 1998

BILL AMENDED:

SUBJECT: Charity gaming.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (1) This bill specifies that the state and the political subdivisions of the state may not conduct games of chance under the charitable gaming statute.

(2) It authorizes an Indiana nonprofit corporation that is organized and operated solely to support a state assisted college or university to conduct a game of chance outside the county in which the nonprofit corporation has its principal office.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: (1) This bill specifies that the state and political subdivisions of the state may not conduct charity gaming. This will decrease the number of organizations that are qualified to conduct charity gaming. Based on the Department of Revenue's *Charity Gaming Annual Reports*, between seven and ten charity gaming licenses were issued to school corporations between FY 96 and FY 98. There may be other political subdivisions conducting charity gaming that are not currently known. There may also be state and political subdivisions that currently conduct charity gaming, but are not required to obtain a license. In addition, there may be additional state and political subdivisions that have conducted charity gaming in the past or that plan to in the future that would no longer be eligible under this bill.

A decrease in the number of qualified organizations would decrease charity gaming license revenue. For the first year, the license fee is \$25 per event and for subsequent years, it is based on total gross revenue from the events in the previous year. In FY 98, approximately \$3.9 million was collected in license revenue. Revenue is deposited in the Charity Gaming Enforcement Fund. Revenue remaining after the costs of administration are subtracted is deposited in the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund.

A decrease in the number of qualified organizations would also decrease the sale of pull tabs, punchboards, and tip boards, which would decrease charity gaming excise tax and sales tax revenue. The excise tax is 10% of the wholesale price of pull tabs, punchboards, and tip boards. In FY 98, approximately \$1.2 million was collected from the excise tax. Revenue is deposited in the Charity Gaming Enforcement Fund and LGSA. Sales tax revenue is deposited in the state General Fund, the Property Tax Replacement Fund, and two dedicated funds.

(2) This bill allows a qualified organization that is an Indiana nonprofit corporation organized and operated solely for the benefit of a state educational institution to conduct an allowable charity gaming event outside the county where the principal office is located. Under current statute, a qualified organization may only conduct an event outside the county where the principal office is located if the organization or its affiliate is having a convention or other annual meeting of its membership in the county in which the event is conducted. This may increase the number of events that are conducted, which may increase charity gaming license revenue, charity gaming excise tax revenue, and sales tax revenue.

Explanation of Local Expenditures:

Explanation of Local Revenues: (1) This bill specifies that political subdivisions may not conduct charity gaming. This would prevent political subdivisions from generating any revenue through charity gaming.

State Agencies Affected: Department of Revenue

Local Agencies Affected: Political subdivisions

Information Sources: Kim Hall, Department of Revenue, 232-2245; *Charity Gaming Annual Report*, Indiana Department of Revenue, October 1, 1998, October 1, 1997, and October 1, 1996.